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RUMANIAN FOREIGN TRADE

The volume of Rumanian foreign trade planned for 1950 - 1951 was 300 million dollars in each direction, or a total of 600 million dollars. The figure for 1949 was 240 million dollars. The 1950 - 1951 figure is broken down as follows:

<u>Country</u>	<u>Amount</u> (million dollars)
USSR	140
Czechoslovakia	40
Hungary	15
Poland	15
German Democratic Republic	10
Secret pacts with Satellites	20
Total	240

The remainder of approximately 60 million dollars is covered by trade with the West

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To conclude an economic agreement with a so-called capitalist state, the Minister of Foreign Trade asks the advice of the Minister of Foreign Affairs. The latter transmits the request to Moscow. The line and volume of foreign trade with the West have been dictated by Moscow since 1948. Sometimes, a suggestion is received from Moscow to carry on trade with some Western state, but not on the basis of a regular agreement (Italy and Israel). Moscow has also advised agreements for political reasons. Export by the Rumanian People's

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Republic of materials designated as strategic is prohibited. These materials include petroleum products such as bitumen and paraffin, minerals, metals, cement, and other commodities.

Legal difficulties prevent or limit economic relations with a number of countries. There are difficulties with Sweden because of the nationalization of Swedish companies such as SKF and others. The same conditions resulted in a Swiss embargo which seems to have been settled recently, however. Great Britain refuses to conclude a trade agreement because reparations were not granted and because of the stipulations of the peace treaty. However, an exchange is permitted within the framework of the "Rumanian Account." For similar reasons, the US permits exchange on a limited basis with payment in hard currency. Austria requested a trade agreement a number of times, but the Soviets refused until recently. France refuses to carry on full trade for both political and economic reasons, particularly until the liquidation of the outstanding debts of the Rumanian government (armaments contract, petroleum properties, Venger contract). However, it permits exchange in free currency and even on the basis of compensatory payments. In August 1949, it granted licenses for the export of approximately 100 tons of petroleum pipes, with payments in free dollars. Western Germany insisted on the conclusion of an accord with Rumania. J. J. McCloy, US High Commissioner, granted permission, but the Soviets refused.

A. I. Miloyan once stated that Rumanian foreign trade policy shows a proper grasp of the necessities of the international economic situation. None of the other Satellites cooperated as readily and with as little pressure as Rumania. Poland and Hungary had more liberty of action at one time. The greatest pressure was exerted on Czechoslovakia. Its industry was submitted to an effective process of strangulation, which favored the USSR, Bulgaria, and Albania.

Rumanian foreign trade is carried on through the following channels: commercial agreements, financial and commodity arrangements, direct or multilateral barter agreements, simple export and import with currency payments, import financed by simple credits or guaranteed by merchandise from gold earnings, technical and industrial collaboration agreements with Moscow and some of the Satellites (up to 1950, only with Poland, then with Czechoslovakia).

The conclusion of agreements with the USSR and other satellites was carried out within the framework of CEMA (Council for Economic Mutual Aid). The purpose of these agreements was to expand to the maximum the volume of exchange between these countries so that they might cover each other's needs. A second reason was to oblige the Satellites to collaborate through an exchange of experts in various economic spheres, through an exchange of techniques and through common production. For example, Rumania furnishes bauxite, and Poland manufactures aluminum for the use of both countries. And finally, these agreements guarantee production and distribution under a single control.

The following is a breakdown of Rumanian trade with Hungary, Czechoslovakia, Poland, Bulgaria, the USSR, the German Democratic Republic (GDR), Argentina, Great Britain, Switzerland, Italy, Austria, Sweden, the German Federal Republic, Belgium, the Netherlands, Egypt, India, Brazil, the US, France, Turkey, and Finland.

Hungary

The Rumanian-Hungarian agreement was divided into two parts, the agreement for industrial investments and the commercial agreement. The investment program of each country was checked by the USSR and classified secret. The

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commercial agreement is based on the dollar. The agreement foresees the liquidation of delinquent payments from previous commercial relations, as, for example, bank service, transport, insurance, telephone, postal service, and others.

Rumanian exports to Hungary were as follows:

<u>Commodity</u>	<u>Value or Amount</u>
Petroleum products	Approximately 2.5 million dollars
Crude petroleum	
Motor oil	
Oils of 16 to 18 Engler viscosity	
Gasoline, 60 octane minimum	
Bitumen	
Paraffin	
Lead	1,500 tons
Zinc	2,000 tons
Fodder (sunflower, clover, lucerne)	Approximately 600,000 dollars
Industrial and edible salts	Approximately 250,000 dollars
Chemical products	Approximately 600,000 dollars
Acetone	
Benzol	
Minium of lead	
Chromium	
Manganese	
Sodium bicarbonate and sodium bichroate	
Glauber's salts	
Plaster and limestone	
Talc	
Bentonite	
Vegetables (beans, peas and lentils, soy beans)	Approximately 300,000 dollars
Cereals	Approximately 3 million dollars

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S-E-C-R-E-TCommodityValue or AmountTimber productsApproximately 7 million
dollars

Mine timbers of special dimensions

Fuel

Rail ties

Lumber

Plywood, radar shipping cases, and other materials

Miscellaneous

Raw hides

Red pigment

Paper

Mineral water and other items

Exports from Hungary to Rumania were as follows:

Petroleum pipes and casings	3 million dollars
Special railroad equipment	One million dollars
Special and standard telephone equipment, diaphragm cases for mines	One million dollars
Pharmaceutical products (neosalvarsan, and other items)	1.2 million dollars
Chemical products	500,000 dollars
Busses, trolleys, other means of transport	One million dollars
Part of a shipment of sheet-metal stripping, Uzine up to 12 inches wide, for 23 August	500,000 dollars
Machine tools of medium size	1.5 million dollars
Agricultural machinery (threshers, mechanical plows, harvesters, and other items)	700,000 dollars
Tungsram and Orion products	500,000 dollars
Insulators and electrical equipment	300,000 dollars
Refractory materials, mostly magnesite	250,000 dollars
Industrial installations (an installation for Baia Mare for the cyanization of lead)	800,000 dollars

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<u>Commodity</u>	<u>Value or Amount</u>
Sheet metal	300,000 dollars
Industrial materials such as electrodes, ferrous alloys, special sheet metal, and finished products	200,000 dollars
Textiles, hides, objets d'art	500,000 dollars

There was an unfilled order for electrolytic cells produced at Csepel, for the expansion of Solvay plans. The capacity of existing plants was insufficient. Therefore, a new installation had been planned which would produce caustic soda, flowing directly from the production plant to the refineries.

Agreements with Hungary present many difficulties and have led to many heated disputes. The Hungarian economy is losing ground continually. It suffers from lack of trade with the West, and its development is very superficial. The labor force does not have the incentive of pay in hard currency. Transit trade and re-export had constituted a large part of its economic activity. Moreover, Rumania was unable to furnish Hungarian industry with raw materials necessary to produce the commodities ordered. The USSR and other Satellites also lacked the requisite raw materials. To procure the raw materials for production of the sheet metal mentioned above, 4 months of negotiations were necessary. Since the attempts of the Hay/French approximation/Erno Gero, and Matyas Radosi to obtain the raw materials were in vain, they were forced to appeal to Moscow.

Czechoslovakia

The Rumanian agreement with Czechoslovakia is second in importance only to the agreement with the USSR. Trade with Czechoslovakia has constituted a basis for Rumanian planning. Failure to fulfill this agreement has necessitated frequent changes in planning by Rumania. It continuously placed large industrial orders which Czechoslovakia did not fulfill. The latter country preferred to fill orders from the West for finished goods, for this assured a supply of raw materials. Rumanian goods were delivered promptly in most cases, but return payment was very slow. In fact, up to 1950, Czechoslovakia has accepted no important industrial orders from Rumania. This policy was supported by political leaders, and even Soviet intervention had no serious effect.

Rumanian orders proved a heavy burden, since they were to be fulfilled in large measure with raw materials obtained from the West. Relations between Rumanian and Czech delegates were those of diplomatic courtesy only. The Czechs did everything possible to prevent the proper fulfillment of the agreements. A number of times, Czechoslovak economic directorates delivered materials of inferior quality or delayed the date of delivery to overcome the financial loss incurred from the purchase of raw materials at Western prices and delivery of the finished product at bloc prices.

Exports from Czechoslovakia to Rumania were as follows:

1. Metal Products

Sheet-metal products, 300,000 tons per year; petroleum pipes, 10,000 tons; casing, 8-11 inches, the type most in demand; drilling equipment; tubing; pipes of small diameter, delivery of which was not economical for Czechoslovak industry; and methane-gas pipes, 16-20 inches in diameter, easier to produce and deliver than those of small diameter.

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The US did not deliver pipe metal ordered by Czechoslovakia before the war. In addition, the USSR absorbed the major part of the production. Therefore, deliveries of pipes could not be made on time. It is possible that the USSR gave up its quota and that Rumania received as much as 10,000 tons in 1950.

Other metal products which constituted the balance of the 30,000 tons were steel for tools and construction, special Poldi steel, streetcar rails, railroad rails and accessories, Decauville rails, and sheet-metal products.

2. Sheet Metal (Naval Construction)

The production of sheet metal was used largely to fill orders permitted by the Rumanian-USSR armistice. This totaled approximately 4,000 tons. Rumanian factories were forced to limit themselves to an average sheet-metal thickness of 4 millimeters.

3. Diesel Motors

Large-size marine motors were ordered. In general, orders required a minimum of 2 years for fulfillment. Consequently, Rumania was willing to accept smaller diesels of approximately 100 horsepower. These artificial delays by Czechoslovakia are no longer possible, however, for CEMA has full statistics on production capacity as well as control of production itself.

4. Refractory Materials

The total of refractory materials shipped by Czechoslovakia to Rumania was approximately 15,000 tons. This included magnesite bricks, chrome magnesite bricks, silicic bricks, refractory clay, refractory clay as a raw material, refractory mortar, and Seger cones.

Seger cones of a constant and superior quality, with a Seger index of 34, are ideal for furnaces and, in general, for higher temperatures. Despite all the efforts of the Hungarians, the Poles, and the Rumanians, only 32 Seger was obtained, and rarely 33. Because of the difficulty encountered by Czechoslovakia in obtaining currency [from the West] with which to pay for Western raw materials, it delivered most of its refractory materials to the West, and especially to West Germany in 1947 and 1948. This involved considerable political risk.

Czechoslovakia will continue to remain the chief supplier of Rumania because the former has the necessary technical experience and the ability to do delicate work.

5. Metallurgical Coke for Foundries (50,000-70,000 tons)

The quantity of metallurgical coke imported by Rumania variable, depending on the amount required by the USSR. The struggle to obtain refractory materials is a complicated one. Soviet materials are of inferior quality, yet it is difficult for the Czechs to complain.

When a Czechoslovak factory produced products of Soviet steel for the CIMP (Industrial Metallurgical Center), the material developed cracks and faults. Engineer Fueres, specialist for the CIMP, was called in to investigate. He testified before a commission that the cause of the failure of the factory products was the poor quality of Soviet steel. As a result, he was arrested.

6. Others

In addition to coke, activated charcoal for the sugar and petroleum industries was also shipped to Rumania. Other items shipped were special internal combustion engines, usually sealed, pharmaceutical and chemical products, laboratory reagents, dyes, special substances, sodium hydrosulfite,

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rangolite, and other such items; industrial installations, such as a Krupp Renner installation for the recovery of wastes, and various items, such as hand elevators, centrifuges, pumps, etc; polishing stones; agricultural tools and machinery; five-thousand tons of tile; special industrial ceramics; two-hundred tons of ferrous alloys, especially chrome molybdenum.

Also electric measuring devices, gas meters, and pyrometers; mining lamps; various equipment for construction; harbor equipment; transportation equipment, and spare parts for jeeps, trucks, and cars; electrical equipment, insulators, electrodes, leaded cables, some copper cables, etc; catalysts for sulfuric acid, and ferrovanadium; textiles and hides, especially for industrial purposes; and malt for beer and other products.

The agreement provides for a maximum of 10 percent in secondary products such as, for example, wine, fruit, medicinal plants, Jablonec articles, ceramics, mechanical toys, objets d'art, and other items. The term, secondary products, which occurs in all the agreements, is defined as "useless products" by the Planning Commission.

Rumanian exports to Czechoslovakia were as follows:

<u>Commodity</u>	<u>Tons</u> (approximate)
Petroleum products	400,000
Note: Until 1950, orders for crude petroleum by Czechoslovakia, Hungary, and Bulgaria were not filled.	
Crude petroleum	
Motor oil	
Rav gasoline	
Kerosene	
Bitumen	
Paraffin	
Lead	3,000
Zinc	3,500
Chromium	2,500
Lumber, especially for construction in the pitchblende area of Czechoslovakia.	250,000
Stock and poultry, cows, sheep, hogs	150,000
Butter and fat	1,000
Oleaginous seeds	10,000
Sunflower-seed oil	2,000

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<u>Commodity</u>	<u>Tons</u> (approximate)
Sunflower cake and meal	10,000
Soya	4,000
Wheat	60,000
Corn	40,000
Beet residues	5,000
Leguminous plants	2,000
Minerals from Mongau	3,000
Chemical products, such as acetone, carbonate, lamp black, and stearite	250,000

In view of the diversity of Czechoslovak exports to Rumania, it requested permission for a commission to visit various Rumanian factories. Permission was granted for a very small group under the direction of the Czechoslovak legation in Bucharest to enter Rumania.

Poland

Polish exports to Rumania were as follows:

<u>Commodity</u>	<u>Value or Amount</u> (approximate)
Petroleum pipes	1,000 tons
Equipment for methane	4,500 tons
Machine tools of medium size	
Electrical equipment, cables, insulators	
Railroad, streetcar and narrow-gauge track	4,000 tons
Metallurgical coke	30,000 tons
Chemical products such as sulfur, manganese bioxide, and dyestuffs	400,000 dollars
Textile equipment and spare parts	500,000 dollars
Refractory material	200,000 dollars
Ball bearings re-exported from Sweden and Germany	300,000 dollars
Metal products	400,000 dollars
Various steels	2,000 tons

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<u>Commodity</u>	<u>Value or Amount</u> (approximate)
Tiles	3,000 tons
Electrolytic zinc	1,500 tons
Electric measuring devices	200,000 dollars
Various domestic aluminum products for industry	200,000 dollars

Rumanian exports to Poland were as follows:

Petroleum products	60,000 tons
Wood, particularly ties and mine timbers	50,000 cubic meters
Zinc lead	2,000 tons
Manganese	30,000 tons
Cereals	40,000 tons
Food products	10,000 tons
Petroleum coke	3,000 tons
Miscellaneous	500,000 dollars

Bulgaria

Rumania exported the following materials to Bulgaria: Petroleum products; chemical products, including carbide, caustic soda, Glauber's salt, sodium bichromate, sulfuric acid, hydrochloric acid, salt, acetone, ammoniac, and minium of lead; cement; and metallurgical products.

Bulgarian exports to Rumania were as follows: Manganese, barium sulfate, feldspar, refractory clay, tobacco, rice, and flower essence.

USSR

The economic agreement between Rumania and the USSR covered industry, commerce, transport, insurance, and technical as well as industrial collaboration. The volume established for 1950 was probably surpassed. Rumanian plan figures are completed between September and November and sent to Moscow. The complete foreign trade plan is studied, and approximate figures for every category are approved or adjusted. In agreements with other Satellites, there is an exchange of lists which show the approximate volume and categories which the agreements will contain.

Soviet exports to Rumania were as follows (amounts approximate):

1. Cotton, 25,000 tons.
2. Tiles, 60,000 tons.
3. Iron, 30,000 tons.
4. Natural rubber, 500 tons.

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5. Synthetic rubber 2,000 tons. A small quantity of materials for the processing of rubber was also sent. This included accelerators, alpha aldol, naphthylamine, alnuram, and vulkacite. Until 1950, vulkacite was not available, and other materials were of poor quality. However, they were easily procured from the West. Materials with an aldehyde base were used, and this shortened the life of the rubber.
6. Tetracthyl lead. The USSR refused to accept Rumanian gasoline of less than 60 octane; hence, it shipped antiknock compounds to raise the octane rating.
7. Electrolytic copper, 1,000 tons.
8. Steel for construction, tools, fine steels, 5,000 tons.
9. Graphite electrodes (bad workmanship, poor quality), 250 tons.
10. Ferrous alloys, chrome, molybdenum, wolfram, 1,000 tons.
11. Nickel, cobalt manganese, 300 tons.
12. Short-fiber asbestos (long-fiber asbestos is not exported).
13. Large machine tools. Neither the USSR or the Satellites can obtain enough to fulfill planned requirements.
14. Ball bearings, 1.5 million dollars. These are difficult to procure, and need is increasing. Standard small-dimension ball bearings were to be manufactured by Czechoslovakia; larger sizes were to be obtained from the West.
15. Natural sulfur for special purposes such as the vulcanization of rubber. It is obtained from the West, especially from Italy, which supplies the purest sulfur.
16. Teasel frames for the textile industry (Soviet frames are inferior).
17. Pyrolusite.
18. Electric power stations. The plan called for stations of 10,000 to 30,000 kilowatts. Part of the equipment is provided by the USSR, the remainder by Prague and Warsaw.
19. Drugs and medicines such as neosalvarsan, penicillin (unstable under heat), 2.5 million dollars.
20. Neon, xenon, and argon.
21. Wire for transformers, 150 tons.
22. Mobile and fixed cranes for the petroleum industry (of Austrian manufacture).
23. Trucks and cars.
24. Various chemical products, but no indanthrene, and very few special commodities.
25. Excavators and cranes.

Rumanian exports to the USSR were as follows:

1. Petroleum products.

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2. Wood products, partly from regions adjacent to the USSR, partly through Constanta, approximately one million cubic meters.
3. Lamp black; almost the entire production made by the methane-gas enterprise was exported.
4. Meat, including beef, poultry, hogs, and other items, approximately 40,000 tons.
5. Chemical products, including carbides -- almost the entire available supply of the nitrogen enterprise; cement, almost the entire supply available for export; ethyl alcohol, almost the entire supply available for export; sulfuric acid, almost the entire supply available for export; solid lubricants; distillate of wine; and tar paper.
6. Naval construction of approximately 100 to 300 tons.
7. Military shoes, approximately one million pairs. The Rumanian need for leather is difficult to satisfy; domestic leather covers only 55 percent of requirements.
8. Cereals, generally via Constanta, approximately 300,000 tons.
9. Railroad cars and accessories, most of the production of the Astra Vagone Railroad Car Plant.
10. Starch, dextrine, glucose, and brewer's yeast, almost the entire available export supply.
11. Various fruits, nuts, prunes, raisins, grafts of grape vines, and other items.

German Democratic Republic

Rumania exported petroleum products, meat, cereals, and fodder to the German Democratic Republic. Exports to Rumania were as follows:

Machine tools, precision machinery, foundry machinery, microscopes, lenses, optical and laboratory glass; X-ray equipment, pure chemicals for laboratory analysis, small rolling mills, industrial needles for textiles and leather, other equipment for textile and leather production; catalysts for the chemical industry, and medicines.

Some of the above items were procured from West German firms for re-export, since only these firms could supply repair parts for Rumanian machinery of German manufacture, as for example, Siemens Halske machines.

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